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Agricultural Sector Protests Update

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Agricultural Situation

Approved By:

Joseph Lopez, Agricultural Counselor

Prepared By:

Anthony J. Gilbert, Agricultural Attaché

Report Highlights:

After three weeks of protests and road blockades, the agricultural sector unrest finally ended on Friday, September 6, 2013. The Government of Colombia (GOC) agreed to meet with agricultural leaders, hear their grievances and propose policy solutions in support of their demands. On September 12, 2013, President Santos conducted a town hall style meeting with his cabinet leadership, inviting over 300 representatives of various agricultural sectors from throughout Colombia. Five points were agreed upon to be implemented in the short-term: 1) reducing import duties on agricultural inputs; 2) monitoring and regulating input prices; 3) establishing a new Ministry of Agriculture Vice Minister for Rural Development; 4) reviewing and implementing safeguard measures; and, 5) eliminating the third-country tariff-rate-quota (TRQ) for whey protein dairy products.

General Information:

After three weeks of unrest that impacted urban, suburban and rural regions of Colombia, protests and road blockades by agricultural groups finally ended on Friday, September 6, 2013. The protests stopped as a result of the GOC agreeing to meet with rural leaders and hear their grievances and demands. On September 12, 2013, President Santos conducted a town hall style meeting with over 300 rural leaders, providing each individual an opportunity to express his or her concerns directly to the GOC leadership. The outcome of this meeting will be an “Agrarian Pact” that will outline new rural development approaches to improving agricultural livelihoods. The initial five points that were agreed upon and will be implemented in the short-term include: 1) reducing import duties on agricultural inputs; 2) monitoring and regulating input prices; 3) establishing a new Ministry of Agriculture Vice Minister for Rural Development; 4) reviewing and implementing safeguard measures; and, 5) eliminating the third-country TRQ for whey protein dairy products. As well, there was also a pledge by the GOC to take into consideration all depths of rural society when implementing the Pact, from the small-town to the municipal and departmental levels. Longer term points of agreement that will involve more in-depth, follow-up discussion and negotiation include:

1. Property and land tenure reform;
2. Improvement of rural government institutions;
3. Better representation of farmers in agricultural sector leadership;
4. Trade vigilance to strengthen domestic commerce to apply, among other measures, safeguards for specific products;
5. Government investment in rural social services;
6. Fair prices for locally produced products;
7. Increased science and technology to benefit rural livelihoods;
8. Environmental protection, sustainable development and mining;
9. Improved policy coordination with local municipalities and Departments;
10. Follow-through with previous commitments to the agriculture sector;
11. Change and improve outreach approaches to indigenous Afro-Colombian communities;
12. Create new and strengthen programs supporting women and youth in rural areas;
13. Increase resources to fight contraband agriculture;
14. Develop rural programs considering the regional differences;
15. Regular engagement with rural society to improve programs;
16. Food security programs;
17. Increase budgets for rural programs;
18. Establish semi-autonomous farming zones;
19. Control agricultural input costs;
20. Adjust loan policies and practices of the Agrarian Bank and other lending institutions to improve access to credit;
21. Commit to creating better market opportunities for coca alternative crops;
22. Complete the agricultural census of Colombia.

The President of the Colombian Agricultural Society, Dr. Rafael Mejia, who represents all commodity organizations, noted in his remarks during the agricultural town hall that the Pact should aim to produce a comprehensive policy for the agricultural sector that will include policy measures to address the

financial challenges, trade imbalances, labor laws, taxes, and price supports to benefit rural Colombia.

The new Minister of Agriculture, Ruben Dario Lizarralde, stated that the Pact must address rural needs from the micro to the macro level. The GOC leadership is demonstrating that commitment by taking the message of the Pact to rural Colombia for further dialogue with farmers. Thursday, September 19, 2013, Colombian Vice President Angelino Garzon and a delegation of the GOC leadership that includes the Ministers of Agriculture, Interior and Commerce will be holding meetings in the southern city of Popayán, in the Department of Cauca. This will be the first of many engagements by the GOC leadership to meet and hear directly from the farmers the challenges facing rural Colombia.

As a measure to acquiesce to protest demands, the GOC will consider establishing safeguards for specific agricultural products, such as potatoes, onions and dairy products. Most imports of these commodities originate from the Southern Common Market (MERCOSUR), the Andean Community of Nations (CAN) and Chile. The GOC will assess safeguards to reduce the impact from MERCOSUR/CAN/Chile agricultural imports. Depending on the product the GOC can implement safeguard measures using an arbitrary three-year average volume of imports as the trigger level. Safeguards could suspend trade benefits of those products, either re-establishing/increasing duties or reducing the price band discount tariff rate. In another measure to reduce import competition, the GOC will eliminate a general 3000 metric ton TRQ for whey protein dairy products from countries that do not have an ongoing trade agreement with Colombia. Safeguard measures against U.S. products are not likely given that most products under the U.S.-Colombia Free Trade Agreement (FTA) have negotiated safeguards that are not even close to exceeding designated TRQ trigger levels. Even though import competition as a result of the U.S. FTA was the convenient, but misinformed rallying cry for protestors, the GOC has stood fast to those criticisms, rejecting any notion to reverse the momentum of the FTA. President Santos stated that it is misguided to “condemn and satanize” trade agreements as the culprit for rural Colombia’s problems, rather recent FTA’s with the United States, Canada, European Union, and South Korea bring new trade opportunities for the Colombian agricultural sector.